



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
WASHINGTON, DC 20240



JUN 6 1988

Mr. Jackson M. Cooley,
Attorney at Law
Amoco Production Company
P.O. Box 50879
New Orleans, Louisiana 70150

Dear Mr. Cooley:

We are responding to your letter dated April 26, 1988, in which you requested a written position from the Minerals Management Service (MMS) regarding responsibilities of a lessee-assignor and the lessee-assignee after a complete assignment is effective.

The departmental regulations are clear regarding the assignment of oil and gas leases issued pursuant to section 8 of the Outer Continental Shelf Lands Act (OCSLA), as amended (43 U.S.C. 1337). These regulations provide that "[s]ubject to the approval by the authorized officer, leases, or any undivided interest therein, may be assigned in whole, or as to any officially designated subdivision, to anyone qualified under §256.35(a) of this part to hold a lease." 30 CFR §256.62. The departmental regulations applicable to the assignment of OCSLA oil and gas leases also correctly describe the liabilities for lease obligations which are chargeable to the assignor (Id. §256.62(d)) and the assignee (Id. §256.62(e)). The regulations are very explicit, stating that the assignor shall be liable for all obligations under the lease accruing prior to the approval of the assignment and that the assignee shall be liable for all obligations under the lease subsequent to the effective date of the assignment.

It is our position that if the assignee is unable to fulfill its obligations to plug and abandon wells and remove facilities, that Interior will not proceed against the original lessee-assignor to perform those functions.



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Mr. Jackson M. Cooley

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In summary, upon approval of an assignment, the assignee assumes the rights and obligations of the assignor prospectively from the date of approval.

If you have any further questions, please feel free to contact Carolita Kallaur at (202) 343-3504.

Sincerely,

(SGD) WM. D. BETTENBERG

Director

cc: MMS General File
Director Chron
AS/IM(2)
AD/OMM
Offshore Chron (1)(2)
Official OIMD RF
SOL-Laggette/Hoese (2)
BSA RF & Hold
LMS:RSchwager:cc:5/9/88:343-5121
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